BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

BOB LEWANDOWSKI AND MARK SCHROEDER	
V.	
IDAHO POWER COMPANY	**CASE NO. IPC-E-04-10**

DIRECT TESTIMONY AND EXHIBITS OF

DR. DON READING

ON BEHALF OF

MARK SCHROEDER AND BOB LEWANDOWSKI

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Don Reading and my business address is Ben Johnson Associates, 6070 Hill Road, Boise, Idaho.

Q. WHAT IS YOUR OCCUPATION?

A. I am a principal with Ben Johnson Associates.

Q. HAVE YOU PREPARED AN EXHIBIT OUTLINING YOUR QUALIFICATIONS AND BACKGROUND?

A. Yes. Exhibit No. 51 serves that purpose.[1]

Q. ARE YOU SPONSORING ANY EXHIBITS WITH THIS TESTIMONY?

A. Yes. I am sponsoring Exhibit Nos.51 through 53.

Q. WHY ARE YOU TESTIFYING IN THIS CASE NO.IPC-E-04-10?

A. I have been retained by Mr. Lewandowski and Mr. Schroeder to testify as to the advisability of several terms in a standard offer purchase agreement tendered to my clients by Idaho Power for the purchase of the output from their proposed wind projects. Idaho Power is insistent on several contract terms that make it impossible for my clients to develop their respective projects.

Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.

A. I will outline the contract provisions at issue in this case and will then discuss why they are so problematic to a developer of QF projects such as the two wind projects being proposed by Mr. Lewandowski and Mr. Schroeder. I will then discuss why, in my professional judgment, theses contract provisions are not necessary to protect the interests of the ratepayers or

[1] The parties informally agreed to assign exhibit numbers 51 through 100 to Mr. Lewandowski and Mr. Schroeder's testimony.

Idaho Power's shareholders. I conclude by observing some of the many benefits Idaho Power and its ratepayers would enjoy if Idaho did have a robust and healthy QF industry.

Q. COULD YOU PLEASE BRIEFLY DESCRIBE THE TWO QF PROJECTS PROPOSED BY MR. LEWANDOWSKI AND MR. SCHROEDER?

A. The two projects are quite distinct. However, they both need to have certainty in their agreement that they will be paid for all of the power they produce. Mr. Lewandowski's project will, for the current phase, have a total capacity of 325 kw and will consist of three refurbished 108 kw Micon turbines. Mr. Schroeder's project will consist of eleven 900 kw NEG-Micon turbines.

Q. WHAT ARE THE CONTRACT TERMS YOUR CLIENTS OBJECT TO?

A. In a nutshell, Idaho Power is requiring my clients to provide an estimate of the power they intend to produce each month. The draft contract refers to this amount at the "Net Energy Amount" [Section 1.1]. While that has been a standard practice for QF contracts in Idaho, Idaho Power's proposed agreement provides a penalty if the QF fails to produce 90% of the Net Energy Amount in any given month or if it produces more than 110% of the Net Energy Amount.

Q. WHAT IS THE PENALTY?

A. If a QF fails to produce 90% of the Net Energy Amount in any given month, then the amount of energy NOT DELIVERED below the 90% floor is defined by the proposed contract as "Shortfall Energy" [Section 1.24]. If the Market Energy Cost (essentially 85% of Mid-C) for that month is less than the Base Energy Purchase Price, then the QF owes Idaho Power nothing. However, if the Market Energy Cost for that month is greater than the Base Energy Purchase Price, then the QF owes Idaho Power the difference between the market price and the Base Energy Purchase Price. Essentially, this means that the QF is paying Idaho Power for power not produced at eighty five percent of the Mid-C price.

Q. WHAT IS THE "MID-C"?

A. The Mid-C is a market index for wholesale electricity prices in the Pacific Northwest. It is a transparent market that reflects energy prices in general and is influenced by national and international events. For example, Mid-C prices are influenced by the price of oil and natural gas, ambient air temperatures in Southern California and have even been affected by the market manipulations of the recent past. The Mid-C market produces prices that are inherently unpredictable and that can spike rather dramatically. For example at the height of the "California Energy Crisis" Mid-C prices actually exceeded $5,000 per Mwh. Today Mid-C is trading around $30 to $40 per Mwh. My clients understandably objected to a provision in their contracts that would impose Mid-C liability on them for power they do not produce.

Q. WHAT IS THE BASIS FOR YOUR CLIENTS' OBJECTIONS?

A. First, they believe, and I concur, that under the Federal Law known as PURPA, they are entitled to be paid full avoided cost rates for all of their production and that requiring them to PAY FOR POWER NOT PRODUCED is a concept not provided for in PURPA – however that is an issue that I will leave to the lawyers to argue. However, fundamentally this is a penalty that has no limit, making these projects impossible to finance or build. No rational individual would expose himself to the unlimited liability of a penalty tied to a market price that can be as high as $5,000 a Mwh when they are only being paid approximately $50 a Mwh. PURPA was meant to provide a `level playing field' between a QF facility and the Company's generating units. As recent events have shown, Idaho Power was able to recover the major portion of high market rates through the PCA. As structured in the draft contract, there is no way for the QF developer to recoup any of this proposed penalty. That is why my clients objected to the Shortfall Energy concept and the Shortfall Energy Price in the draft contract they were presented with by Idaho Power.

Q. HAS IDAHO POWER RESPONDED TO YOUR CLIENTS' CONCERNS RELATIVE TO SHORTFALL ENERGY AND THE SHORTFALL ENERGY PRICE?

A. The Company did slightly change its position as noted in a letter sent after our complaint was filed. A copy of that letter is attached as Exhibit No 52. It essentially places a cap on the Shortfall Energy Price at 150% of the Base Energy Purchase Price multiplied by the amount of Shortfall Energy.

Q. DOES THAT CAP SOLVE YOUR CLIENTS' CONCERNS ABOUT SHORTFALL ENERGY?

While it is a step in the right direction it is still unacceptable.

Q. WHY IS IT STILL UNACCEPTABLE, ISN'T THE CONCEPT OF UNLIMITED LIABILITY THE ISSUE WITH YOUR CLIENTS' INABILITY TO FINANCE A PROJECT WITH IDAHO POWER?

A. There is simply too much uncertainty associated with a QF having to pay Idaho Power 150% of the purchase price multiplied by the amount not produced for a failure to produce. Prudent lenders and financial backers would balk at the risk that these developers might be faced, at any time, with such a liability. Just as importantly, there is no need for such a "liquidated damages" clause in a QF PURPA contract.

Q. WHY DO YOU USE THE PHRASE "LIQUIDATED DAMAGES" IN YOUR ANSWER?

A. That is the phrase used by Idaho Power in its letter offering to cap the Shortfall Energy payments at 150% of the contract price. In his letter of May 21, 2004, which is attached as Exhibit No. 52, Mr. Kline makes the following statement:

> Idaho Power has considered this concern further and is hereby offering to place a cap on Developers' liquidated damages exposure if Developers fail to provide 90% of the agreed-upon energy in any month.

So, it is apparent that Idaho Power is viewing this penalty as liquidated damages. I am an economist and often testify on damages and how to measure damages. So, I understand the concept of liquidated damages. It is designed for parties to a contract to define damages, in advance of a possible breach, so that if a breach occurs there is no dispute over either the level of damages or the methodology used to measure those damages. I looked up the definition of liquidated damages and have confirmed that this is the common understanding of why such a clause is inserted into contracts. The approach taken by the Company shifts the risk of generation downtime to the QF. Idaho Power has the PCA that allows it to recover 90% of its power supply costs (and keep 10% of power supply benefits for its shareholders) and thus mitigates against open-ended liability should it need to purchase market energy to compensate for an off-line generation unit. In my opinion, it is completely inappropriate to use any liquidated damages clause in a QF contract.

Q. WHY?

A. First, the underlying reason for a liquidated damages clause is missing. If a power supplier breaches its commitment to deliver power to an investor owned utility such as Idaho Power, that IOU has tools readily at its disposal for calculating whether, and by how much, it is damaged. Second, the liquidated damages provision makes it extremely difficult or next to impossible to finance a QF project. PURPA charges the Commission with the duty to encourage the development of QF – not place insurmountable roadblocks in their path. Third, when a QF facility is down – the QF doesn't get paid. That is incentive enough to for QFs to be reliable and to do all in their power to insure that their plants are reliable. In addition, and importantly, it places an asymmetrical burden of risk on the QF.

Q. WHAT DO YOU MEAN BY AN ASYMMETRICAL BURDEN OF RISK ON THE QF?

A. When a utility's own plant fails to produce or has an unscheduled outage, the ratepayers cover the costs associated with replacing the expected output from that plant. The shareholders are held harmless. Idaho Power wants to have the best of both worlds by placing the risk of unscheduled outages on QF developers while enjoying the advantage of placing the risk of unplanned outages at their own plants on the ratepayers. That strikes me as fundamentally unfair and a violation of the principles of PURPA. I doubt the financial community would look with favor on Idaho Power if this Commission ruled that in drought years Idaho Power's shareholders would be responsible for all of the excess power supply costs it would incur to replace the reduced generating capacity from its hydro system. In fact, if that were the case, I would expect the finance community to completely stay away from any investment in Idaho Power – the same is true for QFs

Q. ARE THERE OTHER EXAMPLES OF ASYMMETRICAL RISKS CAUSED BY IDAHO POWER INSISTENCE ON CONCEPTS SUCH AS SHORTFALL ENERGY?

A. Yes. For example, Section 14.3.1 states that the company does not pay the project during times when there is " . . . line construction or maintenance requirements, emergencies, electrical system operating conditions . . ." Hence, when Idaho Power stops accepting and paying for the production due to "operating conditions" on its system it simply stops doing so with no compensation to the QF developer. That is another example of asymmetrical risks imposed by this proposed contract.

Q. IS THERE A LEGITIMATE CONCERN ON IDAHO POWER'S PART RELATIVE TO THE FAILURE OF A QF TO DELIVER CONTRACTED FOR POWER?

A. Absolutely not. Idaho Power has approximately 70 QF contracts in place that are currently delivering power to the company. None of those producing agreements has a shortfall energy provision. It is only since the Commission returned to the 20-year contract and 10 megawatt threshold for entitlement to published rates that the company came up with the concept of shortfall energy. I understand that there are three agreements that have been signed with this provision, however the Commission made it clear that these contracts should not be considered as setting a precedent. [Idaho Public Utilities Commission Order NO. 29232, April 15, 2004]. In addition two of those agreements are for facilities located in Montana making them unique in terms of having to preschedule their deliveries for wheeling purposes.

Q. HISTORICALLY, WHAT HAS BEEN IDAHO POWER'S EXPERIENCE WITH THE RELIABILITY OF THE QF INDUSTRY?

Looking at the report published by Idaho Power on cogeneration and small power production, it is apparent that the QF industry is, in fact, quite reliable. For instance, that report shows that for the year to date ending December 2003, the QF industry had produced and delivered 71.47 percent of the amount of energy it had contracted to deliver and for the year 2002 that figure was 75.65 percent. See Exhibit No. 53. That is remarkable especially in light of the fact that 2002-03 was close to a record drought year and that the vast majority of Idaho Power's QF contracts are hydro based. Taken as a whole, the QF industry is extremely reliable and dependable. There is no need to single out new QF contracts to impose this penalty clause. The industry has a proven track record that can be relied upon by Idaho Power and its ratepayers.

Q. WHAT ELSE DO YOU LEARN FROM THE STATISTICS SHOWING THAT THE QF INDUSTRY AS A WHOLE GENERATED APPROXIMATELY 70%

A. Idaho Power is proposing a 90 percent band knowing full well that the industry average is 70 percent. This is further evidence that Idaho Power is actually attempting to prevent the development of new QFs.

Q. SINCE THE INDUSTRY AS A WHOLE HAS A PROVEN AND RELIABLE TRACK RECORD, SHOULD IDAHO POWER BE CONCERNED ABOUT INDIVIDUAL DEVELOPERS FAILING TO PRODUCE THEIR CONTRACTED AMOUNT?

A. Again, absolutely not. First, as I noted above, individual developers are already highly motivated to make sure their projects produce – if they don't produce they don't get paid. However, from the perspective of Idaho Power, no individual developer's project is large enough to cause concern from an operations standpoint. QF standard contracts are limited to ten megawatts – a mere drop in the bucket to a utility the size of Idaho Power. Again, I need to strongly emphasize, the system has worked for twenty-five years with no need to impose a shortfall clause in any of the existing 70 QF contracts. Nothing has changed that suggests there is a problem with QF reliability and nothing has changed that suggests a need to impose a draconian penalty for failure to deliver.

Q. WHAT ARE YOUR CONCERNS RELATED TO THE CONCEPT OF "SURPLUS ENERGY"?

A. The Company proposes to pay for energy delivered that is in excess of 110% of the contracted amount at the LOWER of either 85% of Mid-C or the contract price. Obviously, Idaho Power is overreaching here with a heads they win and a tails the QF loses pricing scheme. Assuming the QF has not increased the size above the ten megawatt threshold for entitlement to published rates, Idaho Power should be required to pay the contract price for all energy produced

and delivered by a QF. The Company is simply attempting to hold the QF industry to an unattainable standard. Not even Idaho Power can guarantee the output of its own system within a 90-110% band. One need only to look to the Danskin plant with its $13 per kWh cost to see an example of the uncertainties inherent in developing generating projects. Despite the failure of that project to provide cost effective energy, Idaho Power is still recovering all of the costs associated with it from the ratepayers.

Idaho Power should be mandated by this Commission to stay with the form of contract used prior to this "generation" of contracts under which the QF is paid for power delivered and not paid for power not delivered. It is a simple and fair arrangement for the ratepayers, Idaho Power and the QF developer.

Q. DO YOU HAVE ANY OBSERVATIONS ON THE "REGULATORY OUT" LANGUAGE IN THE PROPOSED CONTRACTS?

A. I do. Tucked away under a heading entitled "Governmental Authorization" is a clause that provides that Idaho Power may terminate the agreement at its sole discretion if "Idaho law is modified to allow persons . . . other than Idaho Power to sell electric capacity or energy at retail in Idaho Power's exclusive service territory, and . . . such change in law results in Idaho Power being unable to fully recover all costs associated with this Agreement." This seemingly innocuous clause is fraught with ambiguity, danger, uncertainty and inaccuracies.

Q. PLEASE EXPLAIN.

A. First there is no such thing as "exclusive service territories" for utilities operating in Idaho. As I understand it, I could start a cooperative utility today anywhere in Idaho Power's service territory as long as my customer is more than ¼ of a mile from an existing Idaho Power service line. Then I could extend my lines through Idaho Power's service areas and, if legitimately extended, would be able to serve all new customers that are closer to my lines than

they are to Idaho Power's lines. Although prohibited from pirating another utility's existing customers, I could legitimately invade Idaho Power's service territory.

Second, the phase "fully recover all costs associated with this Agreement" is very problematic. In a deregulation scheme IOU's, such as Idaho Power, would likely be expected to net out their stranded costs from their stranded benefits resulting in an overall settlement of who is owed what. I would anticipate that QF contracts would be lumped together as a single line item and other company-owned generating assets would likewise be a line item cost and or benefit. Who is to say, in such a global settlement which specific agreement had its costs covered? It might be like a global settlement of a general rate case for a specific dollar amount without deciding which specific rate base item is included or excluded. I fear such a scenario is extremely likely in the event deregulation comes to Idaho. If Idaho Power felt it did not recover all of its stranded costs, it could point to the QF industry and claim they were the cause of their shortfall.

Third, who would make the call relative to whether or not Idaho Power had recovered all of its costs? Would the Commission do so or would the parties have to go to court? This clause is simply too problematic for Idaho Power to insist on its inclusion in QF agreements. Idaho Power already has a clause requiring this Commission's approval of the agreement for ratemaking purposes – nothing more is needed from their reasonable perspective.

Q. YOUR CLIENTS ARE PROPOSING WIND PROJECTS. DO YOU HAVE ANY COMMENTS ON WHETHER THEY SHOULD RECEIVE SPECIAL TREATMENT RELATIVE TO ESTIMATING PRODUCTION?

A. As long as Idaho Power is required to purchase all output from the QF project with no 90-110% band for determining shortfall or surplus energy prices, I do not see any need to treat wind differently from other projects. Wind is a variable product in much the same way hydro is a variable product. In fact, Idaho Power is seriously considering including wind as a major part of

its resource portfolio in its upcoming Integrated Resource Plan. It is a legitimate QF resource that deserves to be treated the same as all other legitimate resources.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT 51

Don C. Reading

Present position Consulting Economist with Ben Johnson Associates, Inc.:

Education
B.S., Economics - Utah State University
M.S., Economics - University of Oregon
Ph.D., Economics - Utah State University

Professional and business history

Idaho Public Utilities Commission:
1981-86 Economist/Director of Policy and Administration

Teaching:
1980-81 Associate Professor, University of Hawaii-Hilo
1970-80 Associate and Assistant Professor, Idaho State University
1968-70 Assistant Professor, Middle Tennessee State University

Dr. Reading provides expert testimony concerning economic and regulatory issues. He has testified on more than 25 occasions before utility regulatory commissions in Alaska, California, Colorado, the District of Columbia, Idaho, Nevada, Texas, Utah, and Washington.

His areas of expertise include demand forecasting, long-range planning, price elasticity, marginal pricing, production-simulation modeling, and econometric modeling. He has also provided expert testimony in cases concerning loss of income resulting from wrongful death, injury, or employment discrimination.

Dr. Reading has more than 30 years experience in the field of economics. He has participated in the development of indices reflecting economic trends, GNP growth rates, foreign exchange markets, the money supply, stockmarket levels, and inflation. He has analyzed such public policy issues as the minimum wage, federal spending and taxation, and import/export balances. Dr. Reading is one of four economists providing yearly forecasts of statewide personal income to the State of Idaho for purposes of establishing state personal income tax rates.

Dr. Reading's areas of expertise in the field of energy include demand forecasting, long-range planning, price elasticity, marginal and average cost pricing, production-simulation modeling, and econometric modeling. Among his recent cases was an electric rate design analysis for the Industrial Customers of Idaho Power.

While at Idaho State University, Dr. Reading performed demographic

studies using a cohort/survival model and several economic impact studies using input/output analysis. He has also provided expert testimony in cases concerning loss of income resulting from wrongful death, injury, or employment discrimination.

Among Dr. Reading's current projects are a FERC hydropower relicensing study (for the Skokomish Indian Tribe) and an analysis of Northern States Power's North Dakota rate design proposals affecting large industrial customers (for J.R. Simplot Company). Dr. Reading has also recently completed an analysis for the Idaho Governor's Office of the impact on the Northwest Power Grid of various plans to increase salmon runs in the Columbia River Basin.

Publications

The Economic Impact of Steelhead Fishing and the Return of Salmon Fishing in Idaho, Idaho Fish and Wildlife Foundation, September, 1997.

Cost Savings from Nuclear Regulatory Reform, Southern Economic Journal, March, 1997, with R. Canterbery and B. Johnson.

A Visitor Analysis for a Birds of Prey Public Attraction, Peregrine Fund, Inc., November, 1988.

Investigation of a Capitalization Rate for Idaho Hydroelectric Projects, Idaho State Tax Commission, June, 1988.

"Post-PURPA Views," In Proceedings of the NARUC Biennial Regulatory Conference, 1983.

An Input-Output Analysis of the Impact from Proposed Mining in the Challis Area (with R. Davies). Public Policy Research Center, Idaho State University, February 1980.

Phosphate and Southeast: A Socio Economic Analysis (with J. Eyre, et al). Government Research Institute of Idaho State University and the Southeast Idaho Council of Governments, August 1975.

Estimating General Fund Revenues of the State of Idaho (with S. Ghazanfar and D. Holley). Center for Business and Economic Research, Boise State University, June 1975.

"A Note on the Distribution of Federal Expenditures: An Interstate Comparison, 1933-1939 and 1961-1965." In The American Economist, Vol. XVIII, No. 2 (Fall 1974), pp. 125-128.

New Deal Activity and the States, 1933-1939." In Journal of Economic History, Vol. XXXIII (December 1973), pp. 792-810.

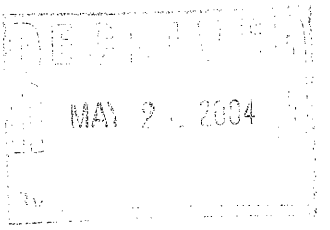
EXHIBIT 52

IDAHO POWER
An IDACORP Company

IDAHO POWER COMPANY
P.O. BOX 70
BOISE, IDAHO 83707

BARTON L. KLINE
Senior Attorney

May 21, 2004



Peter J. Richardson
Richardson & O'Leary, PLLC
99 E. State Street, Suite 200
P.O. Box 1849
Eagle, ID 83616

Re: Case No. IPC-E-04-10
Lewandowski and Schroeder v. Idaho Power Company

Dear Peter:

The purpose of this letter is to advise you and your clients of a change Idaho Power is proposing to make to respond to one of the concerns raised in your complaint. Idaho Power will present this change as a part of its case in the above-referenced proceeding, and I wanted to advise you of this change so that you can take it into consideration in preparing your testimony.

In its complaint, Lewandowski-Schroeder ("Developers") object to Idaho Power's proposed contract provisions that require Developers to pay Idaho Power liquidated damages based on additional market purchase expenses Idaho Power may incur if Developers do not deliver 90% of the energy they have agreed to provide in any month ("Shortfall Energy"). Developers have expressed concern that this liquidated damage obligation could be prohibitively expensive.

Idaho Power has considered this concern further and is hereby offering to place a cap on Developers' liquidated damages exposure if Developers fail to provide 90% of the agreed-upon energy in any month. Idaho Power proposes to limit Developers' exposure in any month to a dollar per MWh amount equal to 150% of the net energy price for the month in which the shortfall occurs multiplied by the shortfall amount.

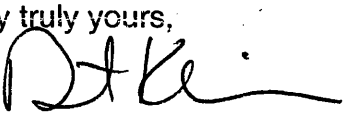
As an example of how this cap would operate, assume hypothetically that Developers had agreed to provide 6 MW (4,464 MWh) during the month of July. Further assume the contract price for net energy delivered in the month of July was $50 per MWh and the weighted average Mid-C market price in July was a highly abnormal $200 per MWh. If Developers only delivered 2 MW (1,488 MWh) in the month of July

Exhibit 52

Telephone (208) 388-2682, Fax (208) 388-6936, E-mail BKline@idahopower.com

Idaho Power realizes this is just one item in your complaint. Nevertheless, the Company thought it was appropriate to advise you ahead of time as to the position Idaho Power will take on this issue in its testimony in this case.

Very truly yours,



Barton L. Kline

BLK:jb

cc: John Prescott
Scott Woodbury

Exhibit 52

EXHIBIT 53

IDAHO POWER
An IDACORP Company

Cogeneration and Small Power Production

As of Month ending: December 2002

This report is only for "PURPA" projects and does not include "Net Metering" Projects.

	Net Kwh	Energy Payment	Mills/Kwh	Contracted Kwh	
				Kwh	Actual vs Contract
Current Month	35,616,289	$2,442,079	68.57	46,959,205	75.85%
Year to Date	692,413,504	$43,931,661	63.45	915,236,175	75.65%
Inception to Date	10,948,450,165	$660,665,936	60.34		

Projects Under Contract

	Number of Projects	Nameplate Rating	
		Kw	Mw
Wood Waste	2	9,500	9.50
Biomass	2	640	0.64
Hydro	57	127,587	127.59
Wind	1	100	0.10
Natural Gas	4	25,000	25.00
Industrial Waste	1	12,000	12.00
Total Projects under contract:	67	174,827	174.83

Proposed Projects

These are new projects / proposals to Idaho Power Company that have gone beyond an initial simple inquiry and are in various stages of more advanced research and/or planning:

	Proposals: Developer is exploring contract options and potential opportunitities		Contract Review: Developer has requested Draft Energy Sales Agreement and is currently reviewing		Final Contracts Pending: Energy Sales Agreement has been finalized and is pending signatures and various approvals		Total Nameplate Rating	
	Projects	Kw	Projects	Kw	Projects	Kw	Kw	Mw
Wood Waste			1	7,500			7,500	7.50
Biomass	2	2,000	2	2,000			4,000	4.00
Hydro	1	50,000	2	800	1	7,500	58,300	58.30
Wind	18	245,000	1	9,250			254,250	254.25
Geothermal			1	10,000			10,000	10.00
Industrial Waste	1	50,000					50,000	50.00
Total Proposed Projects:	22	347,000	7	29,550	1	7,500	384,050	384.05

Current Contract Parameters available

Firm Contracts

Published Avoided cost
- Up to 10 Mw units
- Up to 20 years
- Approx 4.8 cents per Kwh

Non Firm Contracts

Schedule 86, up to 10 Mw
- Price = 85 % of Market
- No generation commitment
- No set term of contract

All QF's greater then 10 Mw, contracts are negotiated individually.

Net Metering (Schedule 84)

- Residential and Small Commercial: Less then 25 Kw
- Large Commercial, Irrigation, etc: Less then 100 Kw

Exhibit 53

IDAHO POWER
An IDACORP Company

Cogeneration and Small Power Production

As of Month ending: December 2003

This report is only for "PURPA" projects and does not include "Net Metering" Projects.

	Net Kwh	Energy Payment	Mills/Kwh	Contracted Kwh	
				Kwh	Actual vs Contract
Current Month	34,333,926	$2,068,573	60.25	46,959,205	73.11%
Year to Date	654,131,414	$38,186,005	58.38	915,235,545	71.47%
Inception to Date	11,602,581,579	$698,851,941	60.23		

	Projects Under Contract			Projects Online		
		Nameplate Rating			Nameplate Rating	
	Number of Projects	Kw	Mw	Number of Projects	Kw	Mw
Wood Waste	2	9,500	9.50	2	9,500	9.50
Biomass	2	640	0.64	2	640	0.64
Hydro	59	134,787	134.79	58	127,787	127.79
Wind	1	100	0.10	1	100	0.10
Combined Heat and Power	4	25,000	25.00	4	25,000	25.00
Industrial Waste	1	12,000	12.00	1	12,000	12.00
Total Projects under contract:	69	182,027	182.03	68	175,027	175.03

Note - Online date for the project under contract but not on line is May 2004.

Proposed Projects

These are new projects / proposals to Idaho Power Company that have gone beyond an initial simple inquiry and are in various stages of more advanced research and/or planning:

	Proposals		Contract Review		Final Contracts Pending		Total Nameplate Rating	
	Developer is exploring contract options and potential opportunitities		Developer has requested Draft Energy Sales Agreement and is currently reviewing		Energy Sales Agreement has been finalized and is pending signatures and various approvals			
	Projects	Kw	Projects	Kw	Projects	Kw	Kw	Mw
Wood Waste			1	17,000			17,000	17.00
Biomass	7	12,000	2	2,000			14,000	14.00
Hydro	1	10,000	3	2,250			12,250	12.25
Wind			1	600	1	9,000	9,600	9.60
Geothermal	1	100,000	1	10,000			110,000	110.00
Industrial Waste			1	10,000	1	6,500	16,500	16.50
Combined Heat and Power	1	25,000					25,000	25.00
Total Proposed Projects:	10	147,000	9	41,850	2	15,500	204,350	204.35

Current Contract Parameters available

Firm Contracts

Published Avoided cost
- Up to 10 Mw units
- Up to 20 years
- Approx 5.4 cents per Kwh

Non Firm Contracts

Schedule 86, up to 10 Mw
- Price = 85 % of Market
- No generation commitment
- No set term of contract

All QF's greater then 10 Mw, contracts are negotiated individually.

Net Metering (Schedule 84)
- Residential and Small Commercial: Less then 25 Kw
- Large Commercial, Irrigation, etc: Less then 100 Kw

Exhibit 53

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 9th day of June, 2004, I caused a true and correct copy of the foregoing **DIRECT TESTIMONY AND EXHIBITS OF DR. DON READING ON BEHALF OF MARK SCHROEDER AND BOB LEWANDOWSKI** to be served by the method indicated below, and addressed to the following:

Jean Jewell Idaho Public Utilities Commission 472 West Washington Street Post Office Box 83720 Boise, Idaho 83720-0074	( ) U.S. Mail, Postage Prepaid (X) Hand Delivered ( ) Overnight Mail ( ) Facsimile ( ) Electronic Mail
Monica B. Moen, Attorney II Barton L. Kline, Seniior Attorney Idaho Power Company PO Box 70 Boise, ID 83707-0070 bkline@idahopower.com mmoen@idahopower.com	(X) U.S. Mail, Postage Prepaid ( ) Hand Delivered ( ) Overnight Mail ( ) Facsimile (X) Electronic Mail
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Signed Nina Curtis
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